



# History compared with national and regional trends

The latest economic indicators are consistent with the current General Fund revenue forecast. As expected, this year brings slow growth, marked by high unemployment and cautious consumer spending. While the fear of a double-dip recession is easing, economists expect slow growth through 2012. Consumers, worried about employment, debt and income, are reluctant to spend; in turn,

businesses are reluctant to hire in a frail economy.

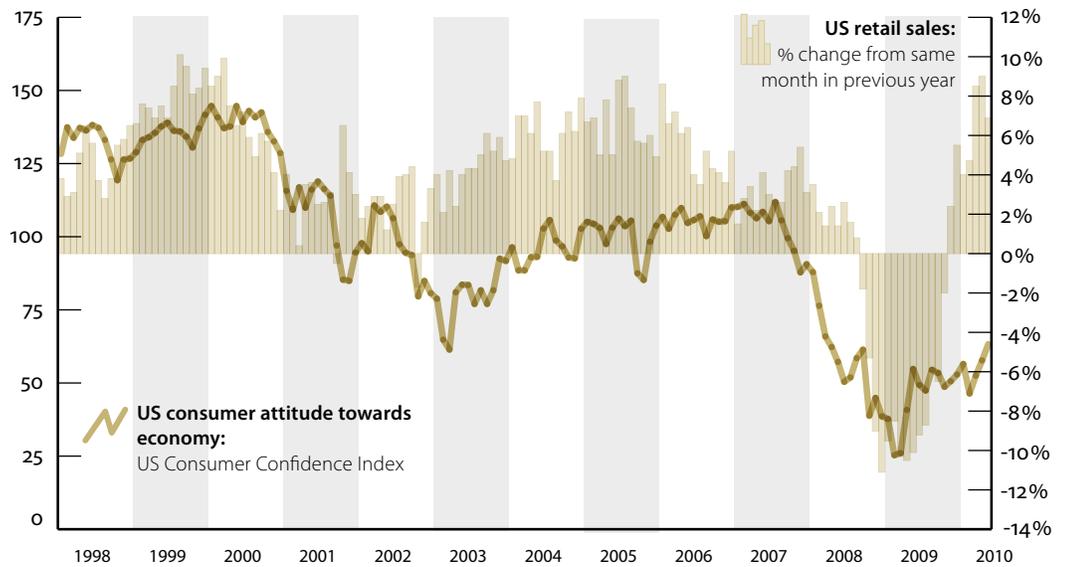
Significant reductions in the unemployment rate require annual growth of 5 - 6%, but economists predict growth of less than 3% in 2011 and 2012. In addition, the housing market, a major engine for recovery, is still weak and plagued by foreclosures. The financial sector is unstable and shaken by the debt crisis of European governments.

INDICATOR	LEVEL	OUTLOOK
<b>Consumer attitude towards the economy (Consumer Confidence Index)</b>	US (monthly)	Increased in May 2010 for the third consecutive month; the index now stands at 63.3. Values over 90 are healthy, and values over 100 signal growth.
<b>Single-family residence building permits</b>	Clark County (monthly)	After six consecutive months of gains, permits were double in April 2010 from a year ago, but still less than half the number of permits issued in April 2000.
<b>Notices of trustee sales</b>	Clark County (monthly)	Notices of trustee sales indicate foreclosure activity; May notices were a third lower than a year ago, yet still above May 2008 levels.
<b>Months supply of housing inventory</b>	Clark County (monthly)	The inventory stood at 6.6 months in May 2010, down from 11.1 months a year earlier; active listings were 10% lower, and closed sales were up 51% from May 2009.
<b>Monthly unemployment rates</b>	Clark County (monthly)	May 2010 rate stood at 13%, compared with 12.3% a year ago.
<b>Existing home sales</b>	Clark County (quarterly)	The annualized sale rate increased 5% during the first quarter of 2010, compared with the previous quarter.
<b>Median home price</b>	Clark County (quarterly)	Continue to decline; decline was 3% in the first quarter of 2010, compared with 2009.
<b>Housing affordability</b>	Clark County (quarterly)	Significantly improved throughout 2009 and is unchanged in the first quarter of 2010.
<b>Taxable retail sales</b>	Clark County (quarterly)	Increased 6% in the first quarter of 2010, compared with the first quarter of 2009.

## Consumer attitudes and the economy, retail sales

**Relevance:** Conference Board household surveys measure consumer attitudes toward the economy. The index is normalized to the value of 100 in 1985.

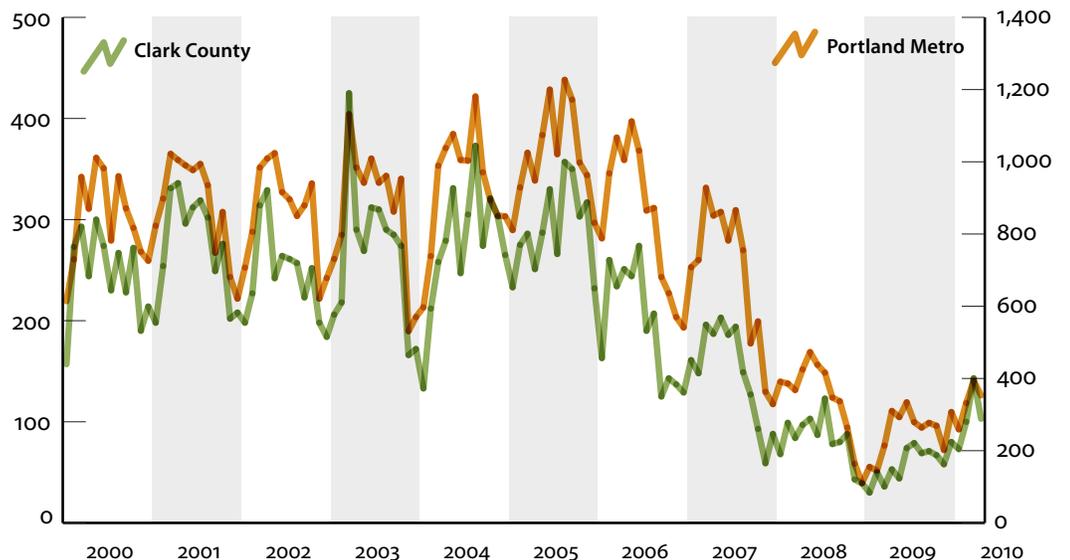
**Outlook:** Consumer confidence reached an all-time low of 25.3 in February 2009. In May 2010, it increased for the third consecutive month, and it now stands at 63.3. A reading greater than 90 is solid, and a reading greater than 100 signals strong economic growth.



## Number of single-family residence building permits issued

**Relevance:** Leading indicator for new construction activity.

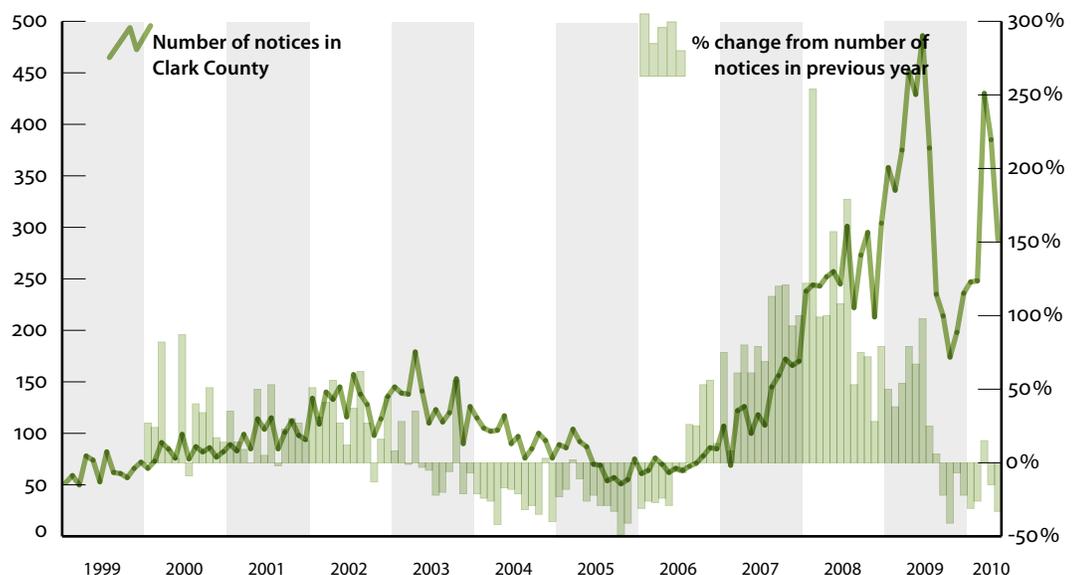
**Outlook:** After six consecutive months of gains, permits were double in April 2010 from a year earlier, but still less than half the number of permits issued in April 2000. With the home buyer tax credit expired, the growth in permits and housing starts may slow down.



## Clark County notices of trustee sales

**Relevance:** The number of notices is a good proxy for foreclosure levels. A decline in foreclosure activity would be an early signal of improving real estate markets.

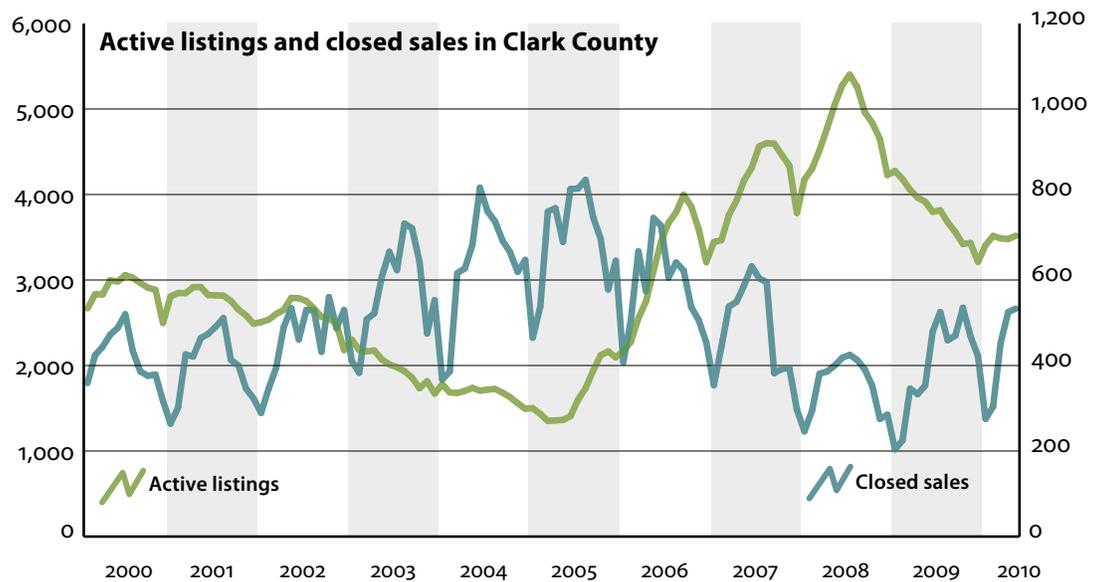
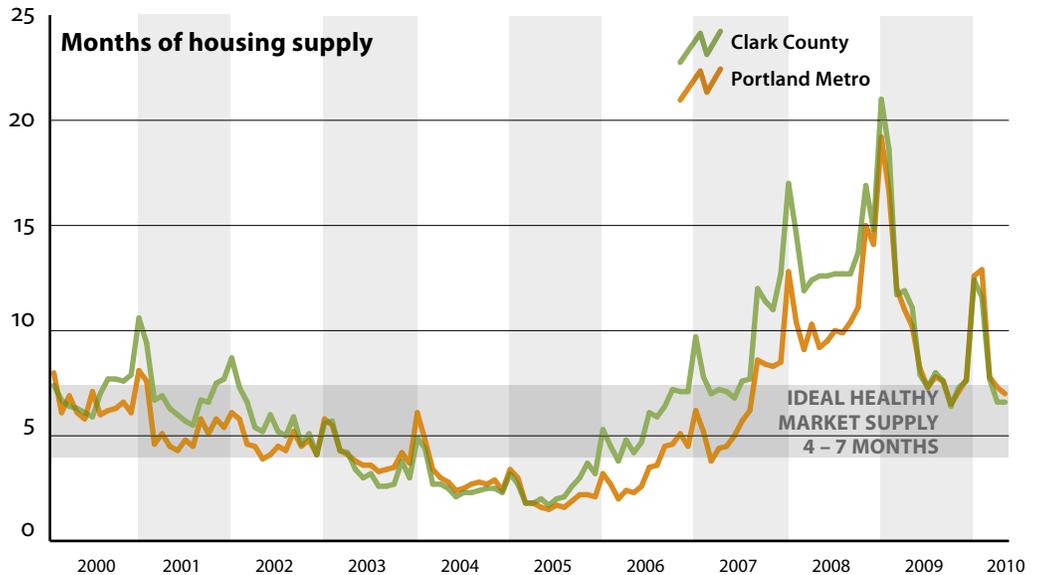
**Outlook:** In May 2010, notices were a third lower compared with May 2009, yet still higher than in May 2008. A new wave of foreclosures may occur due to previous job losses and high delinquency rates.



## Months of housing supply = active listings divided by the number of closed sales

**Relevance:** The higher the inventory, the less demand for new construction. Data are not seasonally adjusted (winter supply is typically higher due to slower sales). Ideal market supply is 4-7 months.

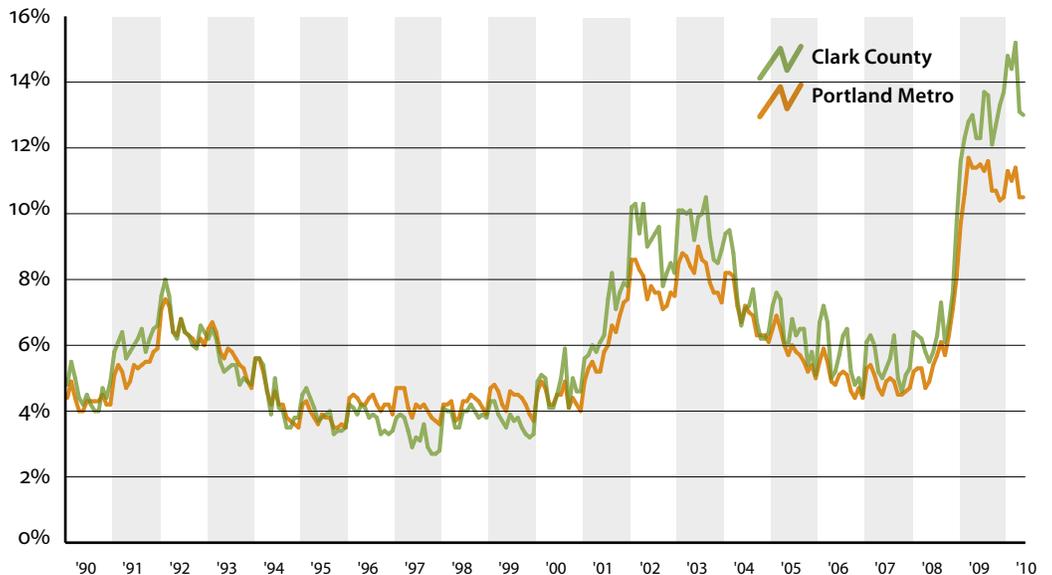
**Outlook:** The housing supply stood at 6.6 months in May 2010 (lower than the May 2009 supply of 11.1 months). The number of active listings is declining, and closed sales were 51% higher compared with May 2009. These improvements are fueled to a large extent by temporary housing tax credits.



## Monthly unemployment

**Relevance:** Unemployment rates measure overall economic health.

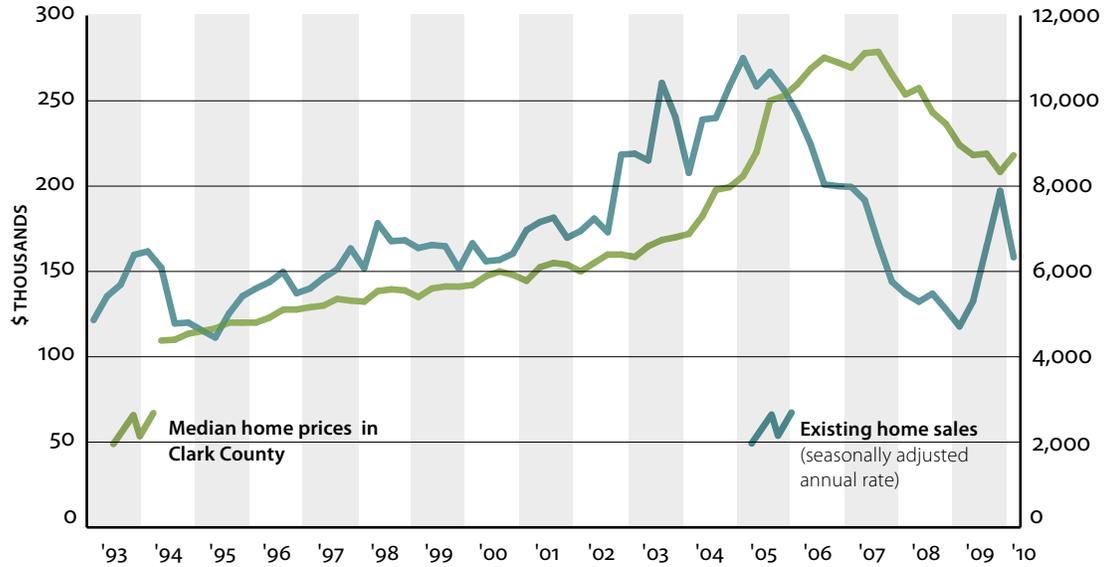
**Outlook:** The unemployment rate for Clark County was 13% in May 2010, compared with 12.3% in May 2009. Unemployment rates are expected to remain high through 2012, despite a slow improvement.



### Existing home sales and median home prices

**Relevance:** Home sales reduce inventory; new construction demand will revive when inventory decreases.

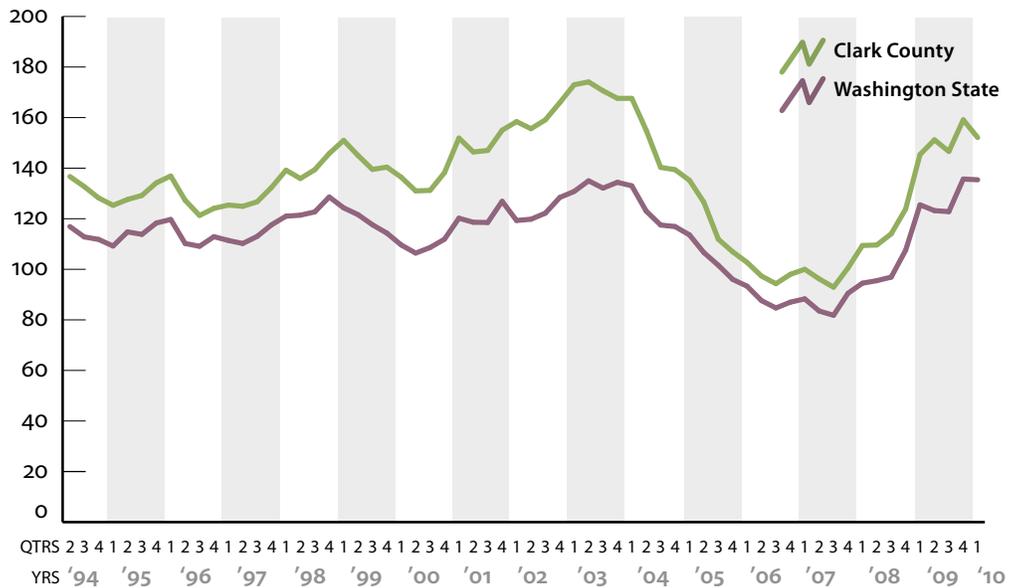
**Outlook:** The seasonally adjusted annual rate of existing home sales increased 5% in the first quarter of 2010, compared with the fourth quarter of 2009. Median home prices declined 3% in the first quarter, compared with 2009.



### Housing affordability

**Relevance:** Measures if a family earning a median income qualifies to purchase a median-priced single-family home. An index of 100 means a median-income family has 100% of the necessary income. Greater affordability increases home sales.

**Outlook:** Housing affordability significantly improved throughout 2009, and was fairly unchanged in the first quarter of 2010, due to low mortgage rates and more affordable home prices.



### Unemployment rate and taxable retail sales

**Relevance:** High unemployment rates depress retail sales.

**Outlook:** Estimated taxable retail sales were 6% higher in the first quarter of 2010, compared with the first quarter of 2009. This is reflected in revenue received in March through May 2010.

